

Municipal Market Snapshot

Current Market

Tax-Exempt Market

- Municipal bond yields declined across the yield curve by as much as 8 basis points. The 2-year MMD interest rate declined by 2 basis points, while the 5- year was down 6 basis points. The 10- and 30-year yields both fell by 8 basis points.
- U.S. municipal bond funds reported \$287.2 million of net outflows in the week ended April 5th, compared with \$265 million in inflows in the previous week, according to data released by Lipper on Thursday.
- Ipreo estimates volume will rise to \$5.69 billion, from a revised total of \$5.48 billion in the past week, according to updated figures from Thomson Reuters. This week's calendar is composed of \$3.23 billion of negotiated deals and \$2.46 billion of competitive sales.
- According to the Wall Street Journal, munis are attracting new foreign investors. In the final quarter of 2016, foreign investors purchased \$21 billion in municipal bonds.

Economy & Taxable Market

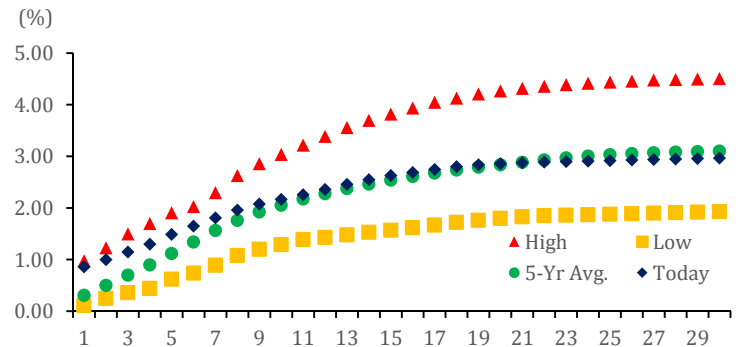
- The unemployment rate declined to 4.5% in March, and total nonfarm payroll employment increased by 98,000 jobs in March according to the Bureau of Labor Statistics, far below the 180,000 that Wall Street economists forecast. March's rate of job growth was the weakest since May of 2016.
- In the week ending April 1st, the figure for seasonally adjusted initial claims was 234,000, a decrease of 25,000 from the previous week's revised level. The previous week's level was revised upward by 1,000 from 258,000 to 259,000. The decline is the largest decline since April of 2015. Continuing claims fell by 24,000 to approximately 2.03 million in the week ending March 25th.
- Durable goods orders in February were up for the second consecutive month, increasing by \$4.2 billion or 1.8% to \$236.0 billion, up from the previously published 1.7% increase. This followed a 2.4% January increase.
- Treasury bond yields were mixed for the week ending April 7th. The front-end of the yield curve increased as much as 5 basis points in 2018, while the 30-year maturity declined 2 basis points.

Current Municipal Market Rates

Short Term Market	4/7/2017	3/31/2017	5 Yr. Avg.
SIFMA Index (%)	0.88	0.91	0.18
1-Month LIBOR (%)	0.99	0.98	0.29
SIFMA/1M-LIBOR Ratio	0.89	0.93	0.64
Long Term Market	4/7/2017	3/24/2017	5 Yr. Avg.
AAA MMD (2Yr) (%)	1.00	1.05	0.50
AAA MMD (5Yr) (%)	1.49	1.58	1.12
AAA MMD (10Yr) (%)	2.17	2.28	2.05
AAA MMD (30Yr) (%)	2.97	3.07	3.10
Bond Buyer 20 Bond Index (GO) (%)	3.83	3.86	3.83
Bond Buyer Revenue Bond Index (%)	4.00	4.03	4.35
BB-30 Day Visible Supply	\$10.75bn	\$10.67bn	\$9.54bn
All Muni Fund Flows	-\$0.29bn	\$0.27bn	

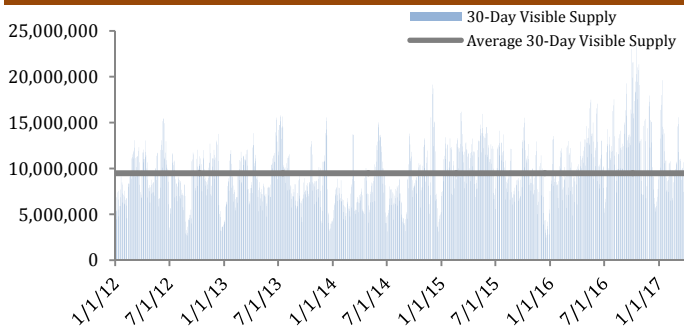
Source: TM3, the Bond Buyer, Bloomberg

Municipal Yield Curve Since 2012



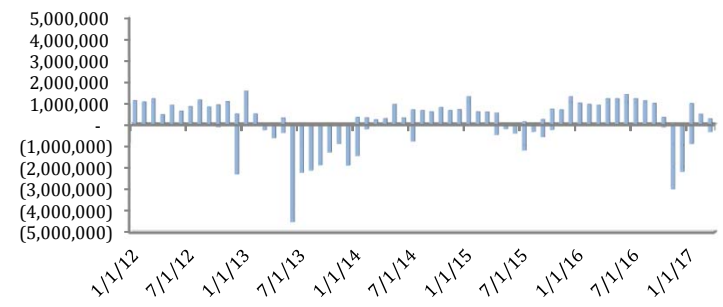
Source: TM3

30-Day Visible Supply Since 2012 (\$000)



Source: The Bond Buyer

Net Inflows and Outflows (\$000's)



Source: TM3

Largest Deals Priced During the Week Ending April 7, 2017

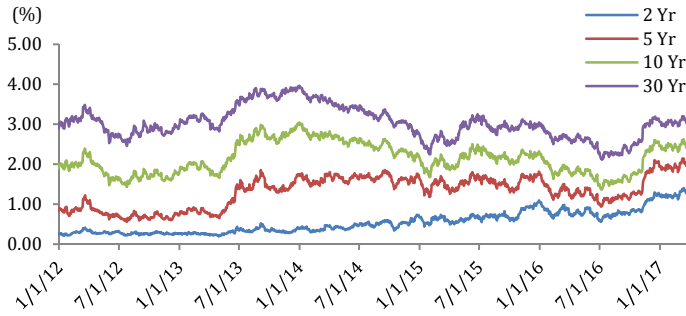
Issuer	Award Date	Size \$Mn	Rating Mdys/S&P/Fitch/Kroll	Coupon	Spread To MMD ¹	Yield	Final Mty
The Commonwealth of Massachusetts	4/7	\$767.575	Aa1/AA+/AA+/NR	5.00%/5.25%	28/15 Bps	3.25%/3.12%	2047
New Jersey Health Care Facilities Financing Auth.	4/6	\$588.790	NR/A+/AA-/NR	5.00%/5.25%	97/90 Bps	3.96%/3.89%	2057
State Public Works Board of the State of California	4/6	\$534.085	A1/A+/A+/NR	5.000%	46 Bps	3.280%	2035
New York State Environmental Facilities Corp.	4/6	\$336.335	Aaa/AAA/AAA/NR	3.916%	90 Bps	3.916%	2036
State of Oregon	4/4	\$329.545	Aa1/AA+/AA/NR	5.000%	19 Bps	3.150%	2042

Source: TM3

1. New York State Environmental Corporation's State Clean and Drinking Water Revolving Funds Revenue Bonds, Series 2017B Bonds are taxable

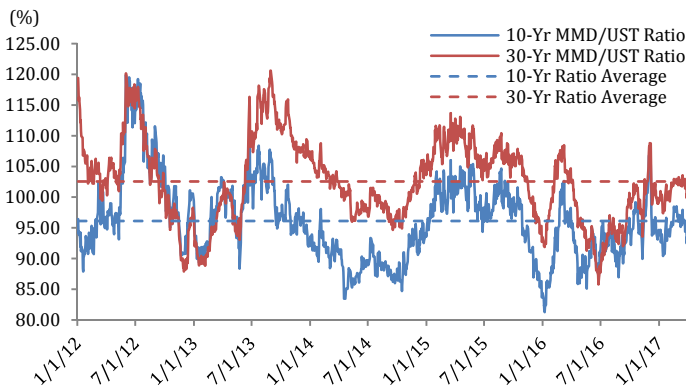
Municipal Market Snapshot

Taxable Yield Curves Since 2012



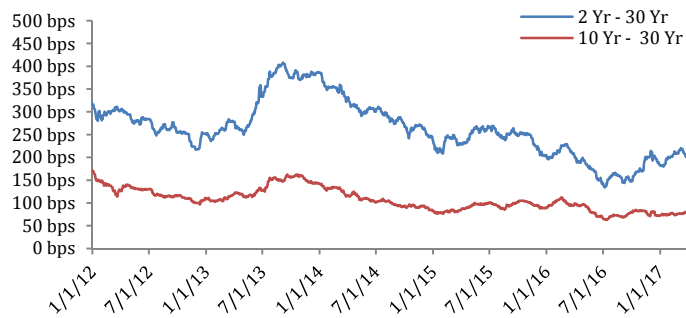
Source: U.S. Department of Treasury

Tax-Exempt/Taxable Ratios Since 2012



Source: TM3, U.S. Department of Treasury

MMD Benchmark Yield Curve Steepness Since 2012



Source: TM3

Forward Calendar (Week of April 10th)

Size (\$Mn)	Issuer	Bid State	Available Ratings
840.000	New York City Transitional Finance Authority (NY)	NY	Negt. Aa1/AAA/AAA/Undef
635.590	State of California (CA)	CA	Comp. Aa3/AA-/AA-/Undef
592.045	Energy Northwest	WA	Negt. Aa1/AA-/Undef/Undef
400.000	University of South Carolina	SC	Negt. Aa1/Undef/Undef/Undef
300.000	State of Ohio (OH)	OH	Comp. Aa1/AA+/AA+/Undef
234.210	New York City Transitional Finance Authority	NY	Comp. Aa1/AAA/AAA/Undef
188.900	Arcadia Unified School District	CA	Comp. Aa1/AA/Undef/Undef
150.000	Miami-Dade County Health Facilities Authority	FL	Negt. Undef/A+/Undef/Undef
145.445	Howard County (MD)	MD	Comp. Aaa/AAA/AAA/Undef
133.565	Howard County (MD)	MD	Comp. Aaa/AAA/AAA/Undef

Source: Ipreo, Bloomberg L.P.

U.S. Treasury Rates

Security	4/7/2017	3/31/2017	5 Yr. Avg.
Effective Fed Funds	0.91	0.82	0.19
2 Yr Note	1.29	1.27	0.56
5 Yr Note	1.92	1.93	1.33
10 Yr Note	2.38	2.40	2.15
30 Yr Bond	3.00	3.02	3.03

Source: U.S. Department of Treasury

Municipal to U.S. Treasury Ratios

Current Yield Curve	2 Yr	5 Yr	10 Yr	30 Yr
MMD (%)	1.00	1.49	2.17	2.97
UST (%)	1.29	1.92	2.38	3.00
MMD/ UST Ratio	77.52	77.60	91.18	99.00

Source: TM3, U.S. Department of Treasury

Economic Calendar

Date	Time	Event	Period	Survey	Prior
4/10/2017	10:00	Labor Market Conditions Index Change	Mar	--	1.3
4/11/2017	6:00	NFIB Small Business Optimism	Mar	104.5	105.3
4/11/2017	10:00	JOLTS Job Openings	Feb	--	5626
4/12/2017	7:00	MBA Mortgage Applications	7-Apr	--	-1.60%
4/12/2017	8:30	Import Price Index MoM	Mar	-0.30%	0.20%
4/12/2017	8:30	Import Price Index YoY	Mar	3.90%	4.60%
4/12/2017	8:30	Import Price Index ex Petroleum MoM	Mar	0.00%	0.30%
4/12/2017	8:30	Export Price Index MoM	Mar	--	0.30%
4/12/2017	8:30	Export Price Index YoY	Mar	--	3.10%
4/12/2017	14:00	Monthly Budget Statement	Mar	-\$158.5b	-\$108.0b
4/13/2017	8:30	PPI Final Demand MoM	Mar	0.00%	0.30%
4/13/2017	8:30	PPI Ex Food and Energy MoM	Mar	0.20%	0.30%
4/13/2017	8:30	PPI Ex Food, Energy, Trade MoM	Mar	0.20%	0.30%
4/13/2017	8:30	PPI Final Demand YoY	Mar	2.40%	2.20%
4/13/2017	8:30	PPI Ex Food and Energy YoY	Mar	1.80%	1.50%
4/13/2017	8:30	PPI Ex Food, Energy, Trade YoY	Mar	--	1.80%
4/13/2017	8:30	Initial Jobless Claims	8-Apr	245k	234k
4/13/2017	8:30	Continuing Claims	1-Apr	2030k	2028k
4/13/2017	9:45	Bloomberg Consumer Comfort	9-Apr	--	50.2
4/13/2017	10:00	U. of Mich. Sentiment	Apr P	96.6	96.9
4/13/2017	10:00	U. of Mich. Current Conditions	Apr P	--	113.2
4/13/2017	10:00	U. of Mich. Expectations	Apr P	--	86.5
4/13/2017	10:00	U. of Mich. 1 Yr Inflation	Apr P	--	2.50%
4/13/2017	10:00	U. of Mich. 5-10 Yr Inflation	Apr P	--	2.40%
4/14/2017	8:30	CPI MoM	Mar	0.00%	0.10%
4/14/2017	8:30	CPI Ex Food and Energy MoM	Mar	0.20%	0.20%
4/14/2017	8:30	CPI YoY	Mar	2.60%	2.70%
4/14/2017	8:30	CPI Ex Food and Energy YoY	Mar	2.30%	2.20%
4/14/2017	8:30	Core Index SA	Mar	251.651	251.299
4/14/2017	8:30	CPI Index NSA	Mar	244.237	243.603
4/14/2017	8:30	Real Avg Weekly Earnings YoY	Mar	--	-0.30%
4/14/2017	8:30	Real Avg Hourly Earning YoY	Mar	--	0.00%
4/14/2017	8:30	Retail Sales Advance MoM	Mar	-0.10%	0.10%
4/14/2017	8:30	Retail Sales Ex Auto MoM	Mar	0.10%	0.20%
4/14/2017	8:30	Retail Sales Ex Auto and Gas	Mar	0.30%	0.20%
4/14/2017	8:30	Retail Sales Control Group	Mar	0.30%	0.10%
4/14/2017	10:00	Business Inventories	Feb	0.30%	0.30%

Source: Bloomberg L.P.

Municipal Market Snapshot

NON-ADVICE DISCLAIMER

Important Information about Our Communications with You

In connection with its responsibilities under the federal securities laws and the rules of the Municipal Securities Rulemaking Board, Hutchinson, Shockey, Erley & Co. (HSE) wants to ensure that you understand the purpose of our communications with you and the role we intend to play in any transactions that we may engage in with you. We are communicating with you for the purpose of soliciting business as an underwriter of municipal securities. We propose to serve as an underwriter, not as a financial advisor or municipal advisor, in connection with any transaction that may result from our communications. Please note that:

- HSE is not recommending that you take any action;
- HSE is not acting as the advisor to you or any obligated person on a municipal securities issue and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to you or any obligated person with respect to the information and material contained in this communication;
- HSE is acting for its own interests; and
- You and any person that will have a repayment obligation with respect to any municipal securities issue being considered should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you or the obligated person deem appropriate before acting on this information or material.

MSRB Rule G-17

HSE would serve as an underwriter in connection with the proposed Offering of municipal securities, not as a financial advisor. Rule G-17 of the Municipal Securities Rulemaking Board requires an underwriter such as HSE to deal fairly at all times with both municipal issuers and investors. HSE's primary role in the Offering would be to purchase securities with a view to distribution in an arm's-length commercial transaction with the Issuer, and HSE has financial and other interests that differ from those of the Issuer. Unlike a municipal advisor, HSE as an underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests. HSE will have a duty to purchase any securities sold in the offering from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell those securities to investors at prices that are fair and reasonable. HSE makes no recommendation with regard to the hiring of a municipal advisor by the Issuer. HSE's compensation as an underwriter would be contingent on the closing of the Offering. Such contingent compensation presents a conflict of interest, because it may cause HSE to recommend the Offering even if it is unnecessary or to recommend that the size of the Offering be larger than is necessary. If retained, HSE will review the official statement for the securities sold in the Offering in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the Offering.

Informational Accuracy and Future Performance Disclaimer

Some information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. Any opinions expressed are subject to change without notice. Any performance information shown represents historical market information only and does not infer or represent any past performance. It should not be assumed that any historical market performance information discussed herein will equal such future performance.